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300934Z Dec 02

UNCLASSIFIED PTQ3670

PAGE 01 HANOI 03098 01 OF 08 301021Z  
ACTION CIP-00

INFO	LOG-00	AGRE-00	AID-00	AMAD-00	CIAE-00	COME-00	SRPP-00
	EAP-00	EB-00	E-00	UTED-00	FCC-01	TEDE-00	INR-00
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	OIC-02	SSO-00	SS-00	\STR-00	TEST-00	TRSE-00	USIE-00
	DRL-02	G-00	SAS-00	/012W			
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TO SECSTATE WASHDC IMMEDIATE 8489  
INFO AMCONSUL HO CHI MINH CITY  
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UNCLAS SECTION 01 OF 08 HANOI 003098

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E.O. 12958: N/A  
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SUBJECT: VIETNAM: NATIONAL TRADE ESTIMATES REPORT 2003

REF: (A) STATE 235887

1. THE FOLLOWING IS THE TEXT OF THE DRAFT 2003 NATIONAL  
TRADE ESTIMATE REPORT FOR VIETNAM.

2. BEGIN TEXT OF REPORT:  
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PAGE 02 HANOI 03098 01 OF 08 301021Z

VIETNAM

TRADE SUMMARY

THE LANDMARK US-VIETNAM BILATERAL TRADE AGREEMENT THAT SEEKS  
TO NORMALIZE TRADE RELATIONS BETWEEN THE TWO COUNTRIES CAME  
INTO EFFECT ON DECEMBER 10, 2001, AND VIETNAM BEGAN  
RECEIVING NTR TREATMENT. AS A RESULT OF THE LOWERING OF  
TARIFFS FROM AN AVERAGE OF 40 PERCENT TO AN AVERAGE OF 3  
PERCENT, VIETNAMESE EXPORTS TO THE U.S. HAVE INCREASED  
RAPIDLY OVER THE LAST YEAR.

IN THE FIRST NINE MONTHS OF 2002, THE US TRADE DEFICIT WITH  
VIETNAM WAS USD 1.2 BILLION, AN INCREASE OF USD 796 MILLION  
FROM THE US TRADE DEFICIT IN THE FIRST NINE MONTHS OF 2001.  
THE EXPORTS OF US GOODS TO VIETNAM WERE \$343 MILLION IN THE  
FIRST NINE MONTHS OF 2002, AN INCREASE OF \$80 MILLION (30  
PERCENT) FROM THE LEVEL OF US EXPORTS TO VIETNAM DURING THE  
SAME PERIOD IN 2001. VIETNAM WAS THE UNITED STATES' 68TH  
LARGEST EXPORT MARKET IN 2002. US IMPORTS FROM VIETNAM WERE  
\$1.57 BILLION IN THE FIRST NINE MONTHS OF 2002, AN INCREASE  
OF \$835 MILLION (113 PERCENT) FROM THE LEVEL OF IMPORTS IN  
2001.

ACCORDING TO GOVERNMENT OF VIETNAM (GVN) FIGURES, THE STOCK  
OF US FOREIGN DIRECT INVESTMENT (FDI) IN VIETNAM THROUGH MAY  
2002 AMOUNTED TO APPROXIMATELY USD 500 MILLION. HOWEVER,  
THAT FIGURE UNDERESTIMATES THE TRUE AMOUNT, AS SIGNIFICANT  
ADDITIONAL US INVESTMENT IS COUNTED AS INVESTMENT FROM THIRD  
COUNTRIES IN CASES WHERE THE INVESTMENT INVOLVES A THIRD-  
UNCLASSIFIED

PAGE 03 HANOI 03098 01 OF 08 301021Z  
COUNTRY SUBSIDIARY OF A US COMPANY. US FDI IN VIETNAM IS  
CONCENTRATED LARGELY IN THE OIL AND GAS SECTOR.

IMPORT POLICIES

TARIFFS

VIETNAM'S TARIFF SCHEDULE WAS RATIONALIZED IN 1992 AND  
SIMPLIFIED IN 1999, FOLLOWING VIETNAM'S ACCESSION TO THE  
ASEAN FREE TRADE AREA (AFTA). CURRENTLY, THERE ARE THREE  
SETS OF TARIFF RATES: MFN RATES THAT APPLY TO ABOUT 75  
PERCENT OF TOTAL IMPORTS, INCLUDING US IMPORTS; COMMON  
EFFECTIVE PREFERENTIAL TARIFF (CEPT) RATES THAT APPLY TO  
IMPORTS FROM ASEAN COUNTRIES; AND GENERAL TARIFF RATES (50%  
HIGHER THAN MFN) THAT APPLY TO ALL OTHER COUNTRIES  
(INCLUDING MEXICO, ARGENTINA AND BRAZIL). THE AVERAGE (UN-  
WEIGHTED) MFN TARIFF RATE HAS INCREASED IN RECENT YEARS AS  
VIETNAM MOVES TO CONVERT QUANTITATIVE RESTRICTIONS TO  
TARIFFS; IN 2002 IT STOOD AT 15.7 PERCENT. HOWEVER, THE  
NUMBER OF TARIFF LINES AND THE MAXIMUM TARIFF RATE HAVE  
DECREASED. UNDER THE TERMS OF THE US-VIETNAM BILATERAL  
TRADE AGREEMENT, VIETNAM IS OBLIGATED SIGNIFICANTLY TO

REDUCE TARIFFS BY AN AVERAGE OF ABOUT ONE-THIRD TO ONE-HALF ON A BROAD RANGE OF US IMPORTS OVER A PERIOD OF THREE YEARS. THE AVERAGE (UNWEIGHTED) CEPT RATE WAS 10.7% IN 2002 AND IS EXPECTED TO DECLINE TO THREE PERCENT BY 2006.

BEYOND FORMAL TARIFFS, VIETNAM APPLIES "PRICE DIFFERENTIAL SURCHARGES" ON SOME PRODUCTS, ALTHOUGH THERE IS NO FIXED LIST OF GOODS SUBJECT TO THESE SURCHARGES. IN PRINCIPLE, THESE SURCHARGES ARE APPLIED TO BOTH IMPORT AND EXPORT

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PAGE 04 HANOI 03098 01 OF 08 301021Z  
PRODUCTS WHERE THERE EXISTS A MAJOR DIFFERENTIAL BETWEEN THE DOMESTIC AND WORLD PRICES AS A RESULT OF INTERNATIONAL FLUCTUATIONS. IMPORT SURCHARGES RANGE FROM FOUR TO 40 PERCENT AND ARE IMPOSED MAINLY ON "SENSITIVE" PRODUCTS SUCH AS GLASSWARE, CONSTRUCTION GLASS, PAPER, STEEL, CERAMIC PRODUCTS AND ALCOHOLIC GOODS.

#### NON-TARIFF BARRIERS

NON-TARIFF BARRIERS WERE INTRODUCED IN VIETNAM WHEN THE COUNTRY SHIFTED FROM CMEA TO MARKET TRADE IN THE LATE 1980S AND EARLY 1990S AND QUICKLY BECAME A KEY COMPONENT OF VIETNAM'S TRADE POLICY. IN THE PAST FEW YEARS, VIETNAM HAS MADE SIGNIFICANT PROGRESS IN REDUCING THE USE OF NTBS AND, UNDER THE TERMS OF THE BTA, VIETNAM AGREED TO ELIMINATE ALL NON-TARIFF BARRIERS, INCLUDING IMPORT AND EXPORT RESTRICTIONS, QUOTAS, LICENSING REQUIREMENTS, AND CONTROLS FOR ALL PRODUCT AND SERVICE CATEGORIES OVER A PERIOD OF THREE TO SEVEN YEARS, DEPENDING ON THE PRODUCT.

IMPORT PROHIBITIONS: VIETNAM CURRENTLY PROHIBITS THE COMMERCIAL IMPORTATION OF THE FOLLOWING PRODUCTS: ARMS AND AMMUNITION, EXPLOSIVE MATERIALS (NOT INCLUDING INDUSTRIAL

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UNCLASSIFIED PTQ3671

PAGE 01 HANOI 03098 02 OF 08 301021Z  
ACTION CIP-00

INFO	LOG-00	AGRE-00	AID-00	AMAD-00	CIAE-00	COME-00	SRPP-00
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UNCLAS SECTION 02 OF 08 HANOI 003098

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EXPLOSIVES), MILITARY TECHNICAL EQUIPMENT AND FACILITIES, NARCOTICS, TOXIC CHEMICALS, "DEPRAVED AND REACTIONARY" CULTURAL PRODUCTS, FIRECRACKERS, SOME CHILDREN'S TOYS, CIGARETTES, SECOND-HAND CONSUMER GOODS, RIGHT-HAND DRIVE MOTOR VEHICLES, USED MOTOR VEHICLES AND PARTS, USED INTERNAL COMBUSTION ENGINES OF LESS THAN 30 HORSEPOWER, ASBESTOS

UNCLASSIFIED

PAGE 02 HANOI 03098 02 OF 08 301021Z  
MATERIALS UNDER THE AMPHIBOLE GROUP, VARIOUS ENCRYPTION DEVICES, AND ENCRYPTION SOFTWARE.

QUANTITATIVE RESTRICTIONS AND NON-AUTOMATIC LICENSING: VIETNAM HAS BEEN PHASING OUT THE USE OF QUANTITATIVE RESTRICTIONS ON IMPORTS. BY JANUARY 2003, ALL QUANTITATIVE RESTRICTIONS ON IMPORTS WILL BE ABOLISHED WITH THE EXCEPTION OF SUGAR (TO BE KEPT UNTIL 2005) AND PETROLEUM PRODUCTS. QUANTITATIVE LIMITATIONS ON EXPORTS IN MOST SECTORS HAVE BEEN ELIMINATED AS WELL, WITH THE EXCEPTION OF TEXTILES, GARMENTS, AND A LIST OF SENSITIVE ITEMS.

SPECIAL AUTHORITY REGULATION: PREVIOUSLY, IMPORTERS REQUIRED APPROVAL FROM THE RELEVANT MINISTRY(IES) TO IMPORT MANY GOODS. THIS SYSTEM WAS CHANGED IN 2001. NOW, SEVEN MINISTRIES AND AGENCIES ARE RESPONSIBLE FOR OVERSEEING A SYSTEM OF MINIMUM QUALITY/PERFORMANCE STANDARDS FOR ANIMAL AND PLANT PROTECTION, HEALTH SAFETY, LOCAL NETWORK COMPATIBILITY (IN THE CASE OF TELECOMMUNICATION), MONEY SECURITY, AND CULTURAL SENSITIVITY. GOODS THAT MEET THE MINIMUM STANDARDS CAN BE IMPORTED UPON DEMAND AND IN UNLIMITED QUANTITY AND VALUE.

FOREIGN EXCHANGE SYSTEM: IN 1998, THE STATE BANK OF VIETNAM

(SBV) ISSUED A FOREIGN EXCHANGE SURRENDER REQUIREMENT FOR ALL EXPORTERS, INCLUDING FOREIGN INVESTED ENTERPRISES (FIES). A SERIES OF REDUCTIONS DECREASED THIS REQUIREMENT FROM 80 PERCENT OF FOREIGN EXCHANGE BALANCES TO 30 PERCENT AS OF MAY 2002. ACCORDING TO VIETNAM'S COMMITMENTS UNDER ITS MARCH 2001 POVERTY REDUCTION GROWTH FACILITY (PRGF) WITH THE IMF, THE SURRENDER REQUIREMENT WILL BE ELIMINATED

UNCLASSIFIED

PAGE 03 HANOI 03098 02 OF 08 301021Z  
COMPLETELY BY THE END OF 2003.

MAY 2000 AMENDMENTS TO THE LAW ON FOREIGN DIRECT INVESTMENT ALLOWED FDI ENTERPRISES TO PURCHASE FOREIGN CURRENCY AT AUTHORIZED BANKS TO FINANCE CURRENT AND CAPITAL TRANSACTIONS AND OTHER PERMITTED TRANSACTIONS. VIETNAM ALSO COMMITTED UNDER THE IMF PROGRAM TO REMOVE THE REMAINING EXCHANGE RESTRICTIONS ON CURRENT INTERNATIONAL TRANSFERS AND PAYMENTS BY THE END OF 2002. CONTROLS ON CURRENT ACCOUNT TRANSACTIONS HAVE BEEN LIBERALIZED. A 1998 DECREE ALLOWED BOTH RESIDENTS AND NON-RESIDENTS TO OPEN AND MAINTAIN FOREIGN EXCHANGE ACCOUNTS WITH AUTHORIZED BANKS IN VIETNAM. A 2001 CIRCULAR PERMITTED FOREIGN INVESTORS TO TRANSFER ABROAD PROFITS AND OTHER LEGAL INCOME UPON PRESENTATION OF RELEVANT DOCUMENTS TO THE AUTHORIZED BANKS.

CUSTOMS: VIETNAM IS PHASING OUT MINIMUM IMPORT PRICES IN ITS CUSTOMS VALUATION SYSTEM. THE NUMBER OF COMMODITY GROUPS SUBJECT TO A MINIMUM VALUE WAS REDUCED FROM 34 IN 1997 TO SEVEN IN 2000. THESE INCLUDE: BEVERAGES OF ALL KINDS; TIRES, RUBBER INNER TUBES AND MUD-RESISTANT FRONTS USED FOR CARS, MOTORCYCLES AND BICYCLES; FLOOR TILES AND SANITARY WARES; CONSTRUCTION GLASS AND VACUUM FLASKS; ENGINES; ELECTRIC FANS; MOTORCYCLES; AND, UNPROCESSED TOBACCO.

UNDER THE TERMS OF THE BTA, VIETNAM AGREED THAT NO ADMINISTRATIVE FEE OR CHARGE IMPOSED BY CUSTOMS AUTHORITIES IN CONNECTION WITH IMPORTING OR EXPORTING ANY GOOD WILL EXCEED THE ACTUAL COST OF THE SERVICE PROVIDED BY CUSTOMS. VIETNAM ALSO AGREED BY DECEMBER 2003 TO ADOPT A SYSTEM OF

UNCLASSIFIED

PAGE 04 HANOI 03098 02 OF 08 301021Z  
CUSTOMS VALUATION OF IMPORTS THAT COMPLIES WITH THE STANDARDS ESTABLISHED IN THE WTO AGREEMENT ON CUSTOMS VALUATION.

TRADING RIGHTS: UNDER THE TERMS OF THE BTA, THREE YEARS AFTER ENTRY-INTO-FORCE OF THE BTA, ENTERPRISES WITH CAPITAL DIRECTLY INVESTED BY US NATIONALS AND COMPANIES IN PRODUCTION AND MANUFACTURING WILL BE ABLE TO ENGAGE IN TRADING ACTIVITIES IN MOST PRODUCTS AND WILL BE ABLE TO ENTER INTO JOINT VENTURES WITH VIETNAMESE PARTNERS TO ENGAGE IN TRADING ACTIVITIES IN ALL PRODUCTS, AS LONG AS THE US PARTNER HOLDS NO MORE THAN A 49 PERCENT SHARE IN THE VENTURE. SEVEN YEARS AFTER ENTRY-INTO-FORCE OF THE BTA, US COMPANIES WILL BE ABLE TO ESTABLISH WHOLLY OWNED TRADING COMPANIES IN VIETNAM. THE RIGHT TO TRADE IN CERTAIN GOODS IS SUBJECT TO A PHASE IN PERIOD.

STANDARDS, TESTING, LABELING, AND CERTIFICATION

VIETNAMESE LAW REQUIRES ALL IMPORTS TO HAVE A LABEL WITH CONTENTS AND INSTRUCTION FOR USE IN VIETNAMESE. THE LABELS CAN BE PLACED ON THE GOODS AFTER THEY HAVE BEEN IMPORTED.

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UNCLASSIFIED PTQ3672

PAGE 01 HANOI 03098 03 OF 08 301021Z  
ACTION CIP-00

INFO	LOG-00	AGRE-00	AID-00	AMAD-00	CIAE-00	COME-00	SRPP-00
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UNCLAS SECTION 03 OF 08 HANOI 003098

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THE MINISTRY OF SCIENCE AND TECHNOLOGY PUBLISHES A LIST OF IMPORTS AND EXPORTS REQUIRING STATE QUALITY CONTROL. THE

ITEMS ARE LISTED WITH THEIR HS NUMBERS AND ARE GROUPED UNDER FUNCTIONAL AGENCIES INCLUDING MINISTRY OF PUBLIC HEALTH, MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT, MINISTRY OF INDUSTRY, MINISTRY OF FISHERIES, AND MINISTRY OF SCIENCE AND UNCLASSIFIED

PAGE 02 HANOI 03098 03 OF 08 301021Z  
TECHNOLOGY. SOME ITEMS ARE SUBJECT TO NATIONAL STANDARDS; SOME ARE SUBJECT TO REGULATIONS OF THE FUNCTIONING AGENCIES; AND SOME ARE SUBJECT TO BOTH. OTHER ITEMS ARE SUBJECT TO GOCT (STANDARD SYSTEM UNDER THE SOVIET UNION THAT APPLIES ONLY TO EXPLOSIVES AND EXPLOSIVE ACCESSORIES). EXPORTERS AND IMPORTERS MUST HAVE PERMITS FROM THE FUNCTIONING AGENCIES OR A RECEIPT SHOWING AN INSPECTION IS IN PROCESS FOR THE CONTROLLED ITEMS AT THE TIME THEY GO THROUGH CUSTOMS.

#### GOVERNMENT PROCUREMENT

GOVERNMENT PROCUREMENT PRACTICES CAN BE CHARACTERIZED AS A MULTI-LAYERED DECISION-MAKING PROCESS, WHICH OFTEN LACKS TRANSPARENCY AND EFFICIENCY. ALTHOUGH THE MINISTRY OF FINANCE ALLOCATES FUNDS, VARIOUS DEPARTMENTS WITHIN THE MINISTRY OR AGENCY INVOLVED DETERMINE GOVERNMENT PROCUREMENT NEEDS. COMPETITION FOR GOVERNMENT PROCUREMENTS MAY TAKE ANY OF SEVERAL FORMS: SOLE SOURCE DIRECT NEGOTIATION, LIMITED TENDER, OPEN TENDER, APPOINTED TENDER, OR SPECIAL PURCHASE. CURRENTLY, MINISTRIES AND AGENCIES HAVE DIFFERENT RULES ON MINIMUM VALUES FOR THE PURCHASE OF MATERIAL OR EQUIPMENT, WHICH MUST BE SUBJECT TO COMPETITIVE BIDDING. HIGH VALUE OR IMPORTANT CONTRACTS SUCH AS INFRASTRUCTURE, (EXCEPT WORLD BANK, ASIAN DEVELOPMENT BANK, UNDP, OR BILATERAL OFFICIAL DEVELOPMENT ASSISTANCE PROJECTS) REQUIRE BID EVALUATION AND SELECTION AND ARE AWARDED BY THE PRIME MINISTER'S OFFICE OR OTHER COMPETENT BODY. NO CONSOLIDATED OR REGULAR OFFICIAL LISTING OF GOVERNMENT TENDERS EXISTS; HOWEVER, SOME SOLICITATIONS ARE ANNOUNCED IN THE BOTH VIETNAMESE AND ENGLISH LANGUAGE NEWSPAPERS.

UNCLASSIFIED

PAGE 03 HANOI 03098 03 OF 08 301021Z

#### EXPORT SUBSIDIES

EXPORT CREDIT IS VERY LIMITED IN VIETNAM. THE EXPORT PROMOTION FUND MANAGED BY THE MINISTRY OF FINANCE PROVIDES SMALL LOANS TO VIETNAM'S EXPORTERS FOR INVESTMENT, BUT NOT WORKING CAPITAL. THE FUND ALSO PROVIDES VERY SMALL INCENTIVE AWARDS FOR EXPORTERS IN ALL SECTORS WHO MEET A CERTAIN LEVEL OF EXPORT VALUE.

#### INTELLECTUAL PROPERTY RIGHTS (IPR) PROTECTION

VIETNAM IS A MEMBER OF THE WORLD INTELLECTUAL PROPERTY ORGANIZATION (WIPO) AND IS A SIGNATORY TO THE PARIS CONVENTION FOR INDUSTRIAL PROPERTY. IT HAS ACCEDED TO THE PATENT COOPERATION TREATY AND THE MADRID AGREEMENT. WHILE NOT YET A PARTY TO THE BERNE CONVENTION, VIETNAM AGREED UNDER THE 1997 US-VIETNAM BILATERAL COPYRIGHT AGREEMENT TO PROVIDE US COPYRIGHTS PROTECTION ON A NATIONAL TREATMENT BASIS IN ACCORDANCE WITH THE TERMS OF THAT CONVENTION. UNDER THE TERMS OF THE BTA, VIETNAM IS OBLIGATED BY DECEMBER 2003 TO MAKE ITS SYSTEM FOR PROTECTING IPR, INCLUDING ENFORCEMENT, CONSISTENT WITH THE WTO TRIPS AGREEMENT. CONSIDERABLE PROGRESS HAS BEEN MADE OVER THE PAST FEW YEARS IN ESTABLISHING THE LEGAL FRAMEWORK FOR IPR PROTECTION, WITH NEW REGULATIONS EXPANDING LEGAL PROTECTION TO AREAS PREVIOUSLY NOT COVERED, SUCH AS BUSINESS SECRETS AND NEW PLANT VARIETIES. HOWEVER, THAT PROCESS IS NOT YET COMPLETE. IN ADDITION, ENFORCEMENT OF IP PROTECTION REMAINS EXTREMELY WEAK. THE BTA REQUIRES THE GOVERNMENT OF VIETNAM TO PROVIDE EXPEDITIOUS REMEDIES TO PREVENT AND DETER

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PAGE 04 HANOI 03098 03 OF 08 301021Z  
INFRINGEMENT OF IP RIGHTS, INCLUDING PARTICULAR JUDICIAL AND ADMINISTRATIVE PROCEDURES, PROMPT AND EFFECTIVE PROVISIONAL MEASURES SECURED BY SUFFICIENT EVIDENCE, AND CRIMINAL PROCEDURES AND PENALTIES FOR WILLFUL TRADEMARK COUNTERFEITING OR INFRINGEMENT OF COPYRIGHTS OR NEIGHBORING RIGHTS ON A COMMERCIAL SCALE.

#### PATENT AND TRADEMARKS

TRADEMARK REGISTRATION IN VIETNAM IS RELATIVELY STRAIGHTFORWARD, ALTHOUGH INFRINGEMENT IS WIDESPREAD AND ENFORCEMENT OF ADMINISTRATIVE ORDERS AND COURT DECISIONS FINDING IPR INFRINGEMENT REMAINS PROBLEMATIC. VIETNAM'S LAWS OFFER SOME PROTECTION FOR FOREIGN PATENT HOLDERS, BUT THERE ARE INFRINGEMENTS. THE NATIONAL OFFICE OF INDUSTRIAL PROPERTY (NOIP) UNDER THE MINISTRY OF SCIENCE AND TECHNOLOGY (MOST) ADMINISTERS VIETNAM'S PATENT AND TRADEMARK REGISTRATION SYSTEMS. NOIP HAS MADE SIGNIFICANT PROGRESS IN RECENT YEARS TO BUILD ITS CAPACITY ADEQUATELY TO RECORD AND ADJUDICATE PATENT AND TRADEMARK CLAIMS, AND IS WORKING WITH A NUMBER OF FOREIGN PATENT AND TRADEMARK AGENCIES TO ENHANCE

ITS SYSTEMS. YET OBTAINING EXPEDITIOUS ADJUDICATION AND  
ADMINISTRATIVE ENFORCEMENT OF PATENT AND TRADEMARK

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UNCLASSIFIED PTQ3674

PAGE 01 HANOI 03098 04 OF 08 301022Z  
ACTION CIP-00

INFO	LOG-00	AGRE-00	AID-00	AMAD-00	CIAE-00	COME-00	SRPP-00
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UNCLAS SECTION 04 OF 08 HANOI 003098

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VIOLATIONS REMAINS DIFFICULT.

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VIETNAM'S COPYRIGHT OFFICE IS UNDER THE CONTROL AND  
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PAGE 02 HANOI 03098 04 OF 08 301022Z  
SIGNIFICANT PROGRESS HAS BEEN MADE IN PUTTING IN PLACE THE  
LAWS TO PROTECT COPYRIGHTS, INCLUDING THOSE BELONGING TO  
FOREIGNERS, BUT ENFORCEMENT IS ALMOST NON-EXISTENT,  
ESPECIALLY FOR CERTAIN CATEGORIES OF PRODUCTS, SUCH AS PC  
SOFTWARE, MUSIC AND VIDEO CDS, VCDS, AND DVDS. INDUSTRY  
ESTIMATES OF PIRACY RATES FOR SOFTWARE, MUSIC, AND VIDEOS  
RUN AS HIGH AS 99 PERCENT. LOCAL POLICE AUTHORITIES OFTEN  
ARE SLOW TO ACT ON ADMINISTRATIVE ORDERS FINING INFRINGEMENT  
AND COURT DECISIONS.

SERVICES BARRIERS

UNDER THE TERMS OF THE BTA, VIETNAM AGREED FOR THE FIRST  
TIME TO LIBERALIZE A BROAD ARRAY OF SERVICES SECTORS,  
INCLUDING TELECOMMUNICATIONS, ACCOUNTING, BANKING, AND  
DISTRIBUTION SERVICES, AND TO APPLY MFN TREATMENT TO US  
SERVICES SUPPLIERS IN ALL SECTORS AND FOR ALL MODES OF  
SUPPLY (WITH ITEMIZED EXCEPTIONS). THE BTA ALSO  
INCORPORATED THE WTO AGREEMENTS ON TRADE IN SERVICES (GATS)  
(EXCEPT PARAGRAPHS 3 AND 4), ANNEX ON MOVEMENT OF NATURAL  
PERSONS, ANNEX ON TELECOMMUNICATIONS (EXCEPT PARAGRAPHS 6  
AND 7), AND THE TELECOMMUNICATIONS REFERENCE PAPER.  
VIETNAM'S COMMITMENTS TO LIBERALIZE MARKET ACCESS ON  
SERVICES ARE PHASED IN OVER SPECIFIED TIME PERIODS DEPENDING  
ON THE SECTOR. THE COMMITMENTS BY SECTOR ARE AS FOLLOWS:

ACCOUNTING, AUDITING, AND BOOK-KEEPING SERVICES: FOR THE  
FIRST THREE YEARS UNDER THE BTA, LICENSES WILL BE GRANTED ON  
A CASE-BY-CASE BASIS. THE COMPANY MUST EMPLOY AT LEAST FIVE  
PERSONS WITH VIETNAMESE CPAS WHO HAVE PRACTICED IN VIETNAM  
FOR MORE THAN ONE YEAR. FOR THE FIRST TWO YEARS UNDER THE

UNCLASSIFIED

PAGE 03 HANOI 03098 04 OF 08 301022Z  
BTA, FIRMS WITH US EQUITY WILL ONLY BE ALLOWED TO SUPPLY  
SERVICES TO FOREIGN-INVESTED ENTERPRISES AND FOREIGN FUNDED  
PROJECTS IN VIETNAM. BRANCHING IS NOT PERMITTED.

TAXATION SERVICES: FOR THE FIRST FIVE YEARS UNDER THE BTA,  
LICENSES WILL BE GRANTED ON A CASE-BY-CASE BASIS AND FIRMS  
WITH US EQUITY WILL ONLY BE ALLOWED TO SUPPLY SERVICES TO  
FOREIGN-INVESTED ENTERPRISES AND FOREIGN FUNDED PROJECTS IN  
VIETNAM. BRANCHING IS NOT PERMITTED.

ARCHITECTURAL, ENGINEERING, AND COMPUTER SERVICES: FOR A  
PERIOD OF TWO YEARS FROM THE DATE OF ESTABLISHMENT AND  
OPERATION, US-OWNED COMPANIES MAY ONLY PROVIDE SERVICES TO  
ENTERPRISES WITH FOREIGN DIRECTLY-INVESTED CAPITAL IN  
VIETNAM. US COMPANIES HAVE TO BE LEGALLY REGISTERED IN THE  
U.S. BRANCHING IS NOT PERMITTED.

US COMPANIES AND COMPANIES WITH US DIRECTLY-INVESTED CAPITAL  
ARE NOT PERMITTED TO CARRY OUT TOPOGRAPHIC, CONSTRUCTION  
GEOLOGICAL, METROLOGICAL, GEOLOGICAL, AND ENVIRONMENTAL  
INVESTIGATIONS; OR TECHNICAL INVESTIGATIONS FOR DESIGNING  
RURAL-URBAN CONSTRUCTION PLANS, UNLESS OTHERWISE AUTHORIZED  
BY THE GVN.

LEGAL SERVICES: UNDER THE TERMS OF THE BTA, 100 PERCENT EQUITY OWNERSHIP IN COMPANIES, JOINT VENTURES, AND BRANCHES ARE PERMITTED. US LAWYERS MAY NOT APPEAR BEFORE VIETNAMESE COURTS. HOWEVER, US FIRMS MAY ADVISE ON VIETNAMESE LAW IF THEY HIRE PERSONS WITH VIETNAMESE LAW DEGREES WHO SATISFY THE REQUIREMENTS APPLIED TO LIKE VIETNAMESE PRACTITIONERS. BRANCHES OF LAW FIRMS MAY RECEIVE A 5-YEAR RENEWABLE

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PAGE 04 HANOI 03098 04 OF 08 301022Z  
LICENSE.

ADVERTISING SERVICES AND MARKET RESEARCH: VIETNAM HAS NOT AGREED TO PROVIDE MARKET ACCESS FO ADVERTISING SERVICES FOR WINES AND CIGARETTES OR FOR THE CROSS-BORDER SUPPLY OF MARKET RESEARCH SRVICES. US COMPANIES IN THESE SECTORS MAY ONLY STABLISH A COMMERCIAL PRESENCE THROUGH JOINT VENTUES OR BUSINESS COOPERATION CONTRACTS WITH VIETNAESE PARTNERS. US INVESTMENT IS LIMITED TO 49 PERCENT OF THE LEGAL CAPITAL FOR THE FIRST FIVE YEARS UNDER THE BILATERAL TRADE AGREEMENT, 51 PERCENT FOR YEARS SIX AND SEVEN, AND IS UNLIMITED AFTER THAT. VIETNAM HAS NOT AGREED TO ENSURE NATIONAL TREATMENT FOR THE CROSS-BORDER SUPPLY OF MARKET RESEARCH SERVICES.

MANAGEMENT CONSULTING: US COMPANIES MAY ONLY ESTABLISH A COMMERCIAL PRESENCE THROUGH JOINT VENTURES OR BUSINESS COOPERATION CONTRACTS. AFTER THE BILATERAL TRADE AGREEMENT HAS BEEN IN EFFECT FOR 5 YEARS, ENTERPRISES WITH 100 PERCENT US OWNERSHIP WILL BE PERMITTED.

TELECOMMUNICATION SERVICES: INITIALLY, THE PROVISION OF BASIC TELECOMMUNICATIONS SERVICES, VALUE-ADDED TELECOM

UNCLASSIFIED

UNCLASSIFIED PTQ3676

PAGE 01 HANOI 03098 05 OF 08 301022Z  
ACTION CIP-00

INFO	LOG-00	AGRE-00	AID-00	AMAD-00	CIAE-00	COME-00	SRPP-00
	EAP-00	EB-00	E-00	UTED-00	FCC-01	TEDE-00	INR-00
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UNCLAS SECTION 05 OF 08 HANOI 003098

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SERVICES, AND VOICE TELEPHONE SERVICES ARE ONLY PERMITTED THROUGH BUSINESS CONTRACTS WITH VIETNAMESE GATEWAY OPERATORS. TWO YEARS AFTER ENTRY-INTO-FORCE OF THE BTA (THREE YEARS IN THE CASE OF INTERNET SERVICES), US VALUE-ADDED TELECOM SERVICE PROVIDERS MAY ESTABLISH JOINT VENTURES WITH VIETNAMESE PARTNERS WITH UP TO 50 PERCENT EQUITY

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PAGE 02 HANOI 03098 05 OF 08 301022Z  
OWNERSHIP. THESE JOINT VENTURES MAY NOT, HOWEVER, CONSTRUCT THEIR OWN LONG-DISTANCE AND INTERNATIONAL CIRCUITS. FOUR YEARS AFTER ENTRY-INTO-FORCE OF THE BTA, US BASIC TELECOM SERVICE SUPPLIERS CAN ESTABLISH JOINT VENTURES WITH VIETNAMESE PARTNERS WITH UP TO 49 PERCENT US EQUITY OWNERSHIP. THESE JOINT VENTURES MAY NOT, HOWEVER, CONSTRUCT THEIR OWN LONG-DISTANCE AND INTERNATIONAL CIRCUITS. SIX YEARS AFTER ENTRY-INTO-FORCE OF THE AGREEMENT, US VOICE TELEPHONE SERVICE PROVIDERS MAY ESTABLISH JOINT VENTURES WITH VIETNAMESE PARTNERS WITH UP TO 49 PERCENT US EQUITY OWNERSHIP.

AUDIO VISUAL SERVICES: VIETNAM HAS NOT AGREED TO PROVIDE MARKET ACCESS OR NATIONAL TREATMENT FOR CROSS-BORDER SUPPLY OR CONSUMPTION ABROAD OF AUDIO VISUAL SERVICES. US SERVICE SUPPLIERS MAY ESTABLISH A COMMERCIAL PRESENCE ONLY THROUGH A BUSINESS COOPERATION CONTRACT OR JOINT VENTURE WITH A VIETNAMESE PARTNER. FOR THE FIRST FIVE YEARS AFTER ENTRY-INTO-FORCE OF THE AGREEMENT, US OWNERSHIP MAY NOT EXCEED 49 PERCENT. AFTER FIVE YEARS, US OWNERSHIP MAY NOT EXCEED 51 PERCENT.

CONSTRUCTION AND RELATED ENGINEERING SERVICES: VIETNAM HAS NOT AGREED TO PROVIDE MARKET ACCESS OR NATIONAL TREATMENT FOR THE CROSS-BORDER SUPPLY OF CONSTRUCTION AND RELATED ENGINEERING SERVICES. BRANCHES ARE NOT PERMITTED. FOR THE

FIRST THREE YEARS AFTER THEIR ESTABLISHMENT AND OPERATION, 100 PERCENT US-OWNED ENTERPRISES MAY ONLY PROVIDE SERVICES TO ENTERPRISES WITH FOREIGN DIRECTLY-INVESTED CAPITAL IN VIETNAM. US COMPANIES MUST BE LEGALLY REGISTERED FOR OPERATION IN THE U.S.

UNCLASSIFIED

PAGE 03 HANOI 03098 05 OF 08 301022Z

DISTRIBUTION SERVICES: VIETNAM DOES NOT PROVIDE MARKET ACCESS OR NATIONAL TREATMENT FOR THE CROSS-BORDER SUPPLY OF DISTRIBUTION SERVICES. THREE YEARS AFTER ENTRY-INTO-FORCE OF THE BILATERAL TRADE AGREEMENT, US SERVICE PROVIDERS MAY ESTABLISH JOINT VENTURES WITH VIETNAMESE PARTNERS WITH UP TO 49 PERCENT US EQUITY. AFTER SIX YEARS, US OWNERSHIP IN JOINT VENTURES WILL BE UNLIMITED. AFTER SEVEN YEARS, COMPANIES WITH 100 PERCENT EQUITY WILL BE ALLOWED. ONE RETAIL OUTLET MAY BE ESTABLISHED AS OF RIGHT, WHILE ADDITIONAL OUTLETS WILL BE CONSIDERED ON A CASE-BY-CASE BASIS. FOR SOME AGRICULTURAL AND INDUSTRIAL PRODUCTS, MARKET ACCESS IN THIS SECTOR IS SUBJECT TO ADDITIONAL LIMITATIONS, WHICH WILL BE PHASED OUT OVER A PERIOD OF THREE TO FIVE YEARS. THERE ARE A LIMITED NUMBER OF PRODUCTS FOR WHICH VIETNAM DID NOT COMMIT TO ALLOW DISTRIBUTION SERVICES.

EDUCATIONAL SERVICES: VIETNAM WILL NOT PROVIDE MARKET ACCESS OR NATIONAL TREATMENT FOR THE CROSS-BORDER SUPPLY OF EDUCATIONAL SERVICES. FOR THE FIRST SEVEN YEARS AFTER ENTRY-INTO-FORCE OF THE BTA, US COMPANIES MAY ONLY ESTABLISH A COMMERCIAL PRESENCE THROUGH A JOINT VENTURE. AFTER THAT, SCHOOLS WITH 100 PERCENT US-INVESTED CAPITAL MAY BE ESTABLISHED. FOREIGN TEACHERS EMPLOYED BY EDUCATIONAL UNITS WITH US-INVESTED CAPITAL MUST HAVE FIVE YEARS TEACHING EXPERIENCE AND BE RECOGNIZED BY THE MINISTRY OF EDUCATION.

INSURANCE SERVICES: VIETNAM HAS AGREED TO ALLOW MARKET ACCESS FOR THE CROSS-BORDER SUPPLY OF INSURANCE SERVICES TO ENTERPRISES WITH FOREIGN INVESTED CAPITAL OR FOREIGNERS WORKING IN VIETNAM; REINVESTMENT SERVICES; INSURANCE

UNCLASSIFIED

PAGE 04 HANOI 03098 05 OF 08 301022Z

SERVICES IN INTERNATIONAL TRANSPORTATION; INSURANCE BROKERING AND REINSURANCE BROKERING SERVICES; AND ADVISORY, CLAIM SETTLEMENT, AND RISK ASSESSMENT SERVICES. THREE YEARS AFTER ENTRY-INTO-FORCE OF THE BTA, US COMPANIES CAN ESTABLISH JOINT VENTURES WITH VIETNAMESE PARTNERS WITH UP TO 50 PERCENT US EQUITY PARTICIPATION. AFTER FIVE YEARS, 100 PERCENT US-INVESTED COMPANIES MAY BE ESTABLISHED.

COMPANIES WITH US-INVESTED CAPITAL CANNOT PROVIDE MOTOR VEHICLE THIRD PARTY LIABILITY, INSURANCE IN CONSTRUCTION AND INSTALLATION, INSURANCE FOR OIL AND GAS PROJECTS, OR INSURANCE FOR PROJECTS AND CONSTRUCTION OF HIGH DANGER TO PUBLIC SECURITY AND ENVIRONMENT. THREE YEARS AFTER ENTRY-INTO-FORCE OF THE BTA, THIS LIMITATION IS ELIMINATED FOR JOINT VENTURES. AFTER SIX YEARS, THIS LIMITATION IS ELIMINATED FOR COMPANIES WITH 100 PERCENT US CAPITAL.

FOR THE FIRST 5 YEARS AFTER ENTRY-INTO-FORCE OF THE BTA, ANY COMPANY WITH US CAPITAL MUST REINSURE THROUGH THE REINSURANCE COMPANY OF VIETNAM, WITH THE MINIMUM PROPORTION OF 20 PERCENT.

BANKING: VIETNAM HAS NOT AGREED TO PROVIDE MARKET ACCESS OR

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PAGE 01 HANOI 03098 06 OF 08 301023Z  
ACTION CIP-00

INFO	LOG-00	AGRE-00	AID-00	AMAD-00	CIAE-00	COME-00	SRPP-00
	EAP-00	EB-00	E-00	UTED-00	FCC-01	TEDE-00	INR-00
	IO-00	LAB-01	L-00	MOFM-05	MOF-01	NSAE-00	OES-00
	OIC-02	SSO-00	SS-00	STR-00	TEST-00	TRSE-00	USIE-00
	DRL-02	G-00	SAS-00	/012W			

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INFO AMCONSUL HO CHI MINH CITY  
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UNCLAS SECTION 06 OF 08 HANOI 003098

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NATIONAL TREATMENT FOR THE CROSS-BORDER PROVISION OF BANKING SERVICES, EXCEPT FOR FINANCIAL INFORMATION SERVICES AND ADVISORY, INTERMEDIATION, AND OTHER AUXILIARY SERVICES. US

BANKS MAY ESTABLISH BRANCHES, JOINT VENTURES WITH VIETNAMESE  
BANKS, WHOLLY OWNED US FINANCIAL LEASING COMPANIES OR JOINT  
VENTURE FINANCIAL LEASING COMPANIES WITH VIETNAMESE  
UNCLASSIFIED

PAGE 02 HANOI 03098 06 OF 08 301023Z  
PARTNERS.

FOR THE FIRST THREE YEARS AFTER ENTRY-INTO-FORCE OF THE BTA,  
THE ONLY LEGAL FORM APART FROM BANKS AND LEASING COMPANIES  
IN WHICH US COMPANIES MAY PROVIDE FINANCIAL SERVICES IS  
THROUGH JOINT VENTURES WITH VIETNAMESE BANKS. DURING THE  
FIRST NINE YEARS, US EQUITY IN JOINT VENTURE BANKS MUST BE  
BETWEEN 30 AND 49 PERCENT. AFTER NINE YEARS, 100 PERCENT  
EQUITY PARTICIPATION IN SUBSIDIARY BANKS WILL BE ALLOWED.

THE RIGHT OF US BANKS TO ACCEPT VIETNAMESE DONG DEPOSITS ON  
THE SAME BASIS AS DOMESTIC BANKS WILL BE PHASED IN OVER  
EIGHT YEARS FOR BUSINESS CLIENTELE AND TEN YEARS FOR RETAIL  
DEPOSITORS. AFTER THIS, US BANK BRANCHES WILL BE ENTITLED  
TO FULL NATIONAL TREATMENT. IN ADDITION, FINANCIAL  
INSTITUTIONS WITH US EQUITY CANNOT ISSUE CREDIT CARDS ON A  
NATIONAL TREATMENT BASIS UNTIL EIGHT YEARS AFTER ENTRY-INTO-  
FORCE OF THE BTA.

VIETNAM RESERVED THE RIGHT TO LIMIT, ON A NATIONAL TREATMENT  
BASIS, EQUITY INVESTMENT BY US BANKS IN PRIVATIZED  
VIETNAMESE STATE-OWNED BANKS.

US BANK BRANCHES, SUBSIDIARIES, OR US-VIETNAM JOINT VENTURES  
MUST OBTAIN A LICENSE TO ESTABLISH A COMMERCIAL PRESENCE IN  
VIETNAM. A US PARENT BANK MUST PROVIDE MINIMUM CAPITAL OF  
USD 15 MILLION TO ESTABLISH A BRANCH. ESTABLISHING A US-  
VIETNAM JOINT VENTURE BANK OR A US BANK SUBSIDIARY REQUIRES  
MINIMUM CAPITAL OF USD 10 MILLION.

FOR THE FIRST THREE YEARS AFTER THE ENTRY-INTO-FORCE OF THE  
UNCLASSIFIED

PAGE 03 HANOI 03098 06 OF 08 301023Z  
AGREEMENT, FINANCIAL INSTITUTIONS WITH 100 PERCENT US EQUITY  
OWNERSHIP MAY NOT TAKE AN INITIAL MORTGAGE INTEREST IN LAND  
USE RIGHTS. AFTER THREE YEARS, THESE INSTITUTIONS WILL BE  
ALLOWED TO TAKE AN INITIAL MORTGAGE INTEREST IN LAND-USE  
RIGHTS HELD BY FOREIGN-INVESTED ENTERPRISES, AND MAY USE  
MORTGAGES OR LAND-USE RIGHTS FOR THE PURPOSE OF LIQUIDATION  
IN CASE OF DEFAULT.

ESTABLISHING A WHOLLY-OWNED SUBSIDIARY OF A US FINANCIAL  
LEASING COMPANY OR A JOINT VENTURE LEASING COMPANY REQUIRES  
THREE CONSECUTIVE PROFITABLE YEARS, AND USD 5 MILLION IN  
LEGAL CAPITAL.

FOR THE FIRST THREE YEARS UNDER THE BTA, VIETNAM IS NOT  
OBLIGATED TO PROVIDE NATIONAL TREATMENT WITH RESPECT TO  
ACCESS TO CENTRAL BANK REDISCOUNTING, SWAP, AND FORWARD  
FACILITIES.

NON-BANKING FINANCIAL SERVICES: THE BTA ALLOWS 100 PERCENT  
US EQUITY IN FINANCIAL LEASING AND IN OTHER LEASING AFTER 3  
YEARS.

SECURITIES-RELATED SERVICES: VIETNAM HAS NOT AGREED TO  
PROVIDE MARKET ACCESS OR NATIONAL TREATMENT FOR THE CROSS-  
BORDER SUPPLY OF SECURITIES-RELATED SERVICES. NON-BANK US  
SECURITIES SERVICE SUPPLIERS MAY ONLY ESTABLISH A COMMERCIAL  
PRESENCE IN VIETNAM IN THE FORM OF A REPRESENTATIVE OFFICE.

HEALTH-RELATED SERVICES: US OPERATORS MAY PROVIDE SERVICE  
THROUGH THE ESTABLISHMENT OF 100 PERCENT US-OWNED  
OPERATIONS, JOINT VENTURES WITH VIETNAMESE PARTNERS OR  
UNCLASSIFIED

PAGE 04 HANOI 03098 06 OF 08 301023Z  
THROUGH BUSINESS COOPERATION CONTRACTS. THE MINIMUM  
INVESTMENT CAPITAL IS USD 20 MILLION FOR A HOSPITAL, USD 2  
MILLION FOR A POLYCLINIC, AND USD 1 MILLION FOR A SPECIALTY  
UNIT.

TOURISM AND TRAVEL-RELATED SERVICES: US COMPANIES MAY  
ESTABLISH A COMMERCIAL PRESENCE TO PROVIDE HOTEL AND  
RESTAURANT SERVICES, IN CONJUNCTION WITH INVESTMENT FOR THE  
CONSTRUCTION OF A HOTEL, EITHER IN THE FORM OF BUSINESS  
COOPERATION CONTRACTS, JOINT VENTURES WITH VIETNAMESE  
PARTNERS, OR COMPANIES WITH 100 PERCENT US EQUITY  
INVESTMENT.

THERE ARE LIMITATIONS WITH RESPECT TO TRAVEL AGENCIES AND  
TOUR OPERATORS. US COMPANIES SUPPLYING THESE SERVICES MAY  
ESTABLISH A COMMERCIAL PRESENCE ONLY THROUGH A JOINT VENTURE  
WITH VIETNAMESE PARTNERS AND CAN INITIALLY ONLY CONTRIBUTE  
49 PERCENT OF THE CAPITAL. THREE YEARS AFTER ENTRY-INTO  
FORCE OF THE BTA, 51 PERCENT PARTICIPATION WILL BE ALLOWED  
AND ALL LIMITATIONS WILL BE ABOLISHED AFTER FIVE YEARS.  
TOURIST GUIDES IN JOINT VENTURES MUST BE VIETNAMESE  
CITIZENS. SERVICE SUPPLYING COMPANIES WITH US-INVESTED

CAPITAL MAY ONLY SUPPLY INBOUNDSERVICE.

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UNCLASSIFIED PTQ3683

PAGE 01 HANOI 03098 07 OF 08 301023Z  
ACTION CIP-00

INFO	LOG-00	AGRE-00	AID-00	AMAD-00	CIAE-00	COME-00	SRPP-00
	EAP-00	EB-00	E-00	UTED-00	FCC-01	TEDE-00	INR-00
	IO-00	LAB-01	L-00	MOFM-05	MOF-01	NSAE-00	OES-00
	OIC-02	SSO-00	SS-00	STR-00	TEST-00	TRSE-00	USIE-00
	DRL-02	G-00	SAS-00	/012W			
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INFO AMCONSUL HO CHI MINH CITY  
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UNCLAS SECTION 07 OF 08 HANOI 003098

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INVESTMENT BARRIERS

AT PRESENT THE GOVERNMENT OF VIETNAM MAINTAINS AN EXTENSIVE  
INVESTMENT LICENSING PROCESS, WHICH IS CHARACTERIZED BY  
STRINGENT AND TIME CONSUMING REQUIREMENTS THAT ARE  
UNCLASSIFIED

PAGE 02 HANOI 03098 07 OF 08 301023Z  
FREQUENTLY USED TO PROTECT DOMESTIC INTERESTS, LIMIT  
COMPETITION, AND ALLOCATE FOREIGN INVESTMENT RIGHTS AMONG  
VARIOUS COUNTRIES. FOREIGN BUSINESSES ARE PERMITTED TO  
REMIT PROFITS, SHARED REVENUES FROM JOINT VENTURES, INCOMES  
FROM SERVICES AND TECHNOLOGY TRANSFERS, LEGALLY-OWNED  
CAPITAL, AND PROPERTIES IN HARD CURRENCY. FOREIGNERS ARE  
ALSO ALLOWED TO REMIT ABROAD ROYALTIES AND FEES PAID FOR THE  
SUPPLY OF TECHNOLOGIES AND SERVICES, PRINCIPAL AND INTEREST  
ON LOANS OBTAINED FOR BUSINESS OPERATIONS, AND INVESTMENT  
CAPITAL AND OTHER MONEY AND ASSETS UNDER THEIR LEGITIMATE  
OWNERSHIP. HOWEVER, THEIR ABILITY TO CONVERT DONG INTO HARD  
CURRENCY IS SUBJECT TO AVAILABILITY, CAUSING FOREIGN-  
INVESTED ENTERPRISES TO EXPERIENCE PROBLEMS IN SECURING HARD  
CURRENCY.

THE US-VIETNAM BILATERAL TRADE AGREEMENT PROVIDES A BROAD  
RANGE OF BENEFITS TO US INVESTORS IN VIETNAM THAT SHOULD  
SIGNIFICANTLY ENHANCE THE INVESTMENT ENVIRONMENT FOR US  
FIRMS. VIETNAMESE INVESTMENT OBLIGATIONS UNDER THE BTA  
INCLUDE: PROVIDING NATIONAL AND MOST-FAVORED-NATION  
TREATMENT, EXCEPT WHERE EXPLICIT EXCEPTIONS HAVE BEEN MADE;  
GUARANTEEING ACCESS TO THIRD-PARTY INVESTOR-STATE DISPUTE  
SETTLEMENT; AND ENSURING TREATMENT OF EXPROPRIATION  
CONSISTENT WITH INTERNATIONAL STANDARDS. IN ADDITION,  
VIETNAM IS OBLIGATED GRADUALLY TO DISCONTINUE APPLICATION OF  
ANY TRIMS OR PERFORMANCE REQUIREMENTS INCONSISTENT WITH THE  
WTO TRIMS AGREEMENT. VIETNAM CURRENTLY DOES IMPOSE A NUMBER  
OF PERFORMANCE REQUIREMENTS WITH RESPECT TO THE  
ESTABLISHMENT OF AN INVESTMENT AND/OR THE RECEIPT OF A  
BENEFIT OR INCENTIVE. THE BTA OBLIGATES VIETNAM TO PHASE  
OUT SEVERAL TRIMS-INCONSISTENT LOCAL CONTENT REQUIREMENTS  
UNCLASSIFIED

PAGE 03 HANOI 03098 07 OF 08 301023Z  
WITHIN FIVE YEARS OR LESS OF THE BTA'S ENTRY-INTO-FORCE.  
VIETNAM IS ALSO OBLIGATED TO REFRAIN FROM IMPOSING  
REQUIREMENTS TO TRANSFER TECHNOLOGY AS A CONDITION FOR THE  
ESTABLISHMENT, EXPANSION, ACQUISITION, MANAGEMENT, CONDUCT,  
OR OPERATION OF AN INVESTMENT.

ANTICOMPETITIVE PRACTICES

VIETNAM MAINTAINS A POLICY OF BIAS IN FAVOR OF DOMESTIC-  
MARKET ORIENTED INDUSTRIES, PARTICULARLY THOSE DOMINATED BY  
STATE-OWNED ENTERPRISES. ALTHOUGH LEGALLY ALL REGISTERED  
FIRMS, REGARDLESS OF OWNERSHIP, CAN ENGAGE IN FOREIGN TRADE,  
BARRIERS EXIST THAT DISCOURAGE TRADING BY NON-STATE  
ENTERPRISES. FOR EXAMPLE, STRINGENT REGULATORY REQUIREMENTS  
DEMANDED BY MINISTRIES PREVENT PRIVATE FIRMS FROM EXPORTING  
RICE OR IMPORTING FERTILIZER. ALSO, MONOPOLIES IN  
PRODUCTION RESULT IN MONOPOLIES IN TRADING, AS IN THE CASE  
OF COAL. THE TARIFF STRUCTURE ALSO FAVORS DOMESTIC  
INDUSTRIES, PARTICULARLY THOSE DOMINATED BY STATE-OWNED  
ENTERPRISES. MOST LOWER TARIFFS ARE ON ITEMS PREDOMINANTLY  
USED BY THOSE ENTERPRISES AS INPUTS.

ELECTRONIC COMMERCE

TO DATE, E-COMMERCE HAS NOT MADE MUCH PROGRESS IN VIETNAM.

OBSTACLES TO ITS DEVELOPMENT INCLUDE: THE LOW NUMBER OF  
INTERNET SUBSCRIBERS IN-COUNTRY, OBTRUSIVE FIREWALLS,  
LIMITED BANDWIDTH AND OTHER PROBLEMS WITH THE INTERNET  
INFRASTRUCTURE, LIMITATIONS OF THE FINANCIAL SYSTEM  
(INCLUDING THE LOW NUMBER OF CREDIT CARDS IN USE), AND  
REGULATORY BARRIERS. HOWEVER, RECENT DEVELOPMENTS TO  
UNCLASSIFIED

PAGE 04 HANOI 03098 07 OF 08 301023Z  
FACILITATE THE GROWTH OF E-COMMERCE IN VIETNAM INCLUDE LEGAL  
ACCEPTANCE OF E-SIGNATURES AND IMPLEMENTATION OF THE  
ELECTRONIC INTER-BANK TRANSACTION SYSTEM. THE NUMBER OF  
ONLINE TRANSACTIONS HAS BEEN INCREASING.

THE GOVERNMENT OF VIETNAM CONTINUES TO ATTEMPT TO KEEP CLOSE  
CONTROL ON ALL WEBSITES ESTABLISHED IN VIETNAM. IN OCTOBER  
2002, THE GVN PASSED A NEW REGULATION ON THE ESTABLISHMENT  
AND MODIFICATION OF WEBSITES. THE REGULATION REQUIRES  
DOMESTIC AND FOREIGN AGENCIES, ORGANIZATIONS, AND  
ENTERPRISES TO OBTAIN A LICENSE FROM THE MINISTRY OF CULTURE  
AND INFORMATION BEFORE ESTABLISHING NEW WEBSITES. THE  
MINISTRY THEN HAS 30 DAYS TO MAKE A DECISION ON GRANTING THE  
LICENSE. THE REGULATION ALSO REQUIRES DIPLOMATIC AND OTHER  
FOREIGN ENTITIES TO OBTAIN WRITTEN APPROVAL FROM THE  
MINISTRY OF FOREIGN AFFAIRS (MFA) BEFORE REQUESTING A  
LICENSE FROM MOCI. THE GVN MAY ALSO REQUIRE ORGANIZATIONS  
TO REQUEST PERMISSION FROM MOCI BEFORE MAKING CHANGES TO THE  
CONTENT OF THEIR EXISTING WEBSITES BASED ON LICENSING  
REQUIREMENTS IN THE REGULATION.

OTHER BARRIERS

UNCLASSIFIED

UNCLASSIFIED PTQ3684

PAGE 01 HANOI 03098 08 OF 08 301023Z  
ACTION CIP-00

INFO	LOG-00	AGRE-00	AID-00	AMAD-00	CIAE-00	COME-00	SRPP-00
	EAP-00	EB-00	E-00	UTED-00	FCC-01	TEDE-00	INR-00
	IO-00	LAB-01	L-00	MOFM-05	MOF-01	NSAE-00	OES-00
	OIC-02	SSO-00	SS-00	STR-00	TEST-00	TRSE-00	USIE-00
	DRL-02	G-00	SAS-00	/012W			

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UNCLAS SECTION 08 OF 08 HANOI 003098

SIPDIS

STATE PASS USTR/GLORIA BLUE  
STATE FOR EB/MTA/MST

CORRUPTION

US, OTHER FOREIGN, AND DOMESTIC FIRMS HAVE IDENTIFIED  
CORRUPTION IN VIETNAM IN ALL PHASES OF BUSINESS OPERATIONS  
AS AN OBSTACLE TO THEIR BUSINESS ACTIVITIES. VIETNAM SCORED  
A 2.6 OUT OF A POSSIBLE HIGH SCORE OF 10 POINTS ON  
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PAGE 02 HANOI 03098 08 OF 08 301023Z  
TRANSPARENCY INTERNATIONAL'S CORRUPTION PERCEPTION INDEX.  
IN LARGE PART DUE TO A LACK OF TRANSPARENCY, ACCOUNTABILITY,  
AND MEDIA FREEDOM, WIDESPREAD OFFICIAL CORRUPTION AND  
INEFFICIENT BUREAUCRACY REMAIN SERIOUS PROBLEMS THAT EVEN  
THE COMMUNIST PARTY OF VIETNAM AND THE GVN ADMIT THEY MUST  
ADDRES SQUARELY AND SOON. COMPETITION AMONG GOVERNMENT  
AGENCIES FOR CONTROL OVER BUSINESS AND INVESTMENTS HAS  
CREATED A CONFUSION OF OVERLAPPING JURISDICTIONS AND  
BUREAUCRATIC PROCEDURES AND APPROVALS, WHICH IN TURN CREATE  
OPPORTUNITIES FOR CORRUPTION. LOW PAY FOR GOVERNMENT  
OFFICIALS AND WOEFULLY INADEQUATE SYSTEMS FOR HOLDING  
OFFICIALS ACCOUNTABLE FOR THEIR ACTIONS COMPOUND THE  
PROBLEMS. IMPLEMENTATION OF THE GVN'S PUBLIC ADMINISTRATION  
REFORM PROGRAM, DEVELOPED IN WITH THE ASSISTANCE OF THE  
WORLD BANK, AS WELL AS VIETNAM'S OBLIGATIONS UNDER THE  
TRANSPARENCY PROVISIONS OF THE BTA PROMISE SOME IMPROVEMENT  
IN THE SITUATION IN THE MEDIUM TO LONG TERM, BUT IT APPEARS  
UNLIKELY THERE WILL BE MUCH IMPROVEMENT IN THE NEAR TERM.  
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